

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11
(Subchapter V)

JJ ARCH LLC,

Case No. 24-10381 (JPM)

Debtor.

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**DECLARATION OF JARED CHASSEN IN SUPPORT OF MOTION TO SHORTEN
NOTICE AND MOTION TO LIFT AUTOMATIC STAY**

Jared Chassen hereby declares under penalty of perjury pursuant to 28 U.S.C. § 1746, as follows:

1. I submit this declaration in support of my motion to shorten notice and lift the automatic stay.
2. For the reasons explained below, I respectfully ask this Court to hear my motion on an expedited, urgent basis. My declaration is an appeal to the Court's equity.
3. Since August 2023, I have been in a tortuous dispute with Jeffrey Simpson ("Simpson") over our respective membership rights in the purported debtor, JJ Arch LLC ("JJ Arch" or "Debtor").
4. I formed JJ Arch together with Simpson in 2017, and its purpose was to act as the managing member of another entity, Arch Real Estate Holdings LLC ("AREH"). AREH was formed as part of a joint venture with 608941 NJ Inc. ("Oak"), who was the investor member in AREH. AREH managed and controlled other entities which, purchased, developed and managed real properties throughout the United States, often including other investors, though Oak was by far the largest investor. AREH and JJ Arch did not have ownership interests in those entities.

5. I invested much of my savings into these entities, and my family collectively invested much of their savings. For example, my father put in approximately \$1.3 million, my mother over \$2 million, my sister over \$1 million, and my brother in law approximately \$4 million.

6. I earned my income from my member role with JJ Arch, which in turn earned income from management and property acquisition fees with respect to its management of AREH.

7. As I have exhaustively detailed in the state court pleadings, Simpson, as the managing member of JJ Arch and therefore AREH, ran the entire business into the ground, stole AREH and its managed entities' funds, abused investors, and brought AREH and its managed entities to the brink of total failure. Simpson's misconduct as the managing member led the state court to remove JJ Arch as the managing member of AREH in November 2023.

8. At this point, JJ Arch earns no income from AREH, and there is no prospect that it will earn any income in the future from its relationship to AREH, regardless of the outcome of any litigation.

9. I, and my family, also invested in a few small properties and businesses that I purchased 50-50 with Simpson through JJ Arch independent of AREH. These properties were not sufficient to produce a livelihood but were instead a vehicle for Simpson and me to deposit some of the money we earned from AREH into our own income producing investments. These investments did not earn enough to pay a salary or constitute a livelihood, but I put a substantial amount of my savings into them, approximately \$1,428,458.81. These are the assets of the Debtor, owned by various wholly owned subsidiaries, and in which I have equity interests.

10. Since August 21, 2023, when Simpson was restored as managing member of JJ Arch, he has consistently refused to allow me to do any work with respect to JJ Arch and has taken the position that I have no rights there. I annex hereto as Exhibit A some representative emails where Simpson tells me I have no right to do anything at JJ Arch. He has systematically stripped the bank accounts of the Debtor's entities of their funds, often depositing them into his own account at his entity YJ Simco LLC, he has ordered me to stop renting out income producing rental properties to starve those entities of funds and refused any effort to pay the mortgages on these properties, putting them into default. He has done everything in his power to starve me of income and funds.

11. The upshot of all of this is that though I have not held any job outside of my membership role at JJ Arch since August 2023, at the same time, I am without a source of income during this litigation, and Simpson has refused to allow me to do anything at JJ Arch.

12. The JJ Arch Operating Agreement says that a member resigns when a member fails "to provide substantially all of his business time for the benefit of [JJ Arch]." JJ Arch LLC Operating Agreement at § 1.1., Definitions, Resignation.

13. In this bankruptcy, Simpson has unilaterally declared that he can ignore my membership rights, and state court orders that barred him from acting with self-help, because I purportedly voluntarily resigned from JJ Arch to the extent I assisted AREH, of which JJ Arch is a member. I do not have a position with AREH and do not earn any salary from AREH, and any assistance I give AREH is for the benefit of JJ Arch given that JJ Arch remains a member of AREH. In fact, I am empowered by state court orders to consent on behalf of JJ Arch to major decisions taken by AREH.

14. Further, I have always provided my time to JJ Arch because “[p]rovide” means “to supply or make available,” (<https://www.merriam-webster.com/dictionary/provide>), and I have at all times been available for JJ Arch, and have no other job. Simpson has refused to allow me to do any work at JJ Arch to the extent he is able.

15. So, while I have provided my business time for the benefit of JJ Arch, I am earning no salary and no income right now because of Simpson and Simpson is refusing to allow me to do anything at JJ Arch.

16. I need an income to support my wife and my children, but I know that if I were to take a job, Simpson would claim that I resigned at JJ Arch because I took a job.

17. In the last few days, I received a job offer from a real estate company by which I would earn a salary for the first time in many months. This is the first job offer I have received since August 2023. I have not accepted the offer because I am afraid Simpson will use it to argue that it means I resigned from JJ Arch, which under these circumstances would be absurd given Simpson’s refusal to allow me to do anything at JJ Arch and the fact that JJ Arch itself earns no income because of Simpson.

18. I do not know exactly how long I have to respond to the offer, but there is not much time.

19. It is therefore extremely urgent that this Court hear this motion to lift the automatic stay on an expedited basis so that I can seek relief from the State Court on an emergency basis to ask that court for an injunction or other appropriate order barring Simson from depriving me of the ability or right to work during the remainder of our litigation without fear of losing my rights and interests at JJ Arch.

20. I have an urgent need to move the State Court and determine whether I can safely accept this job offer without fear of losing my rights and interests in JJ Arch.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 25, 2024.

By: /s/ Jared Chassen
Jared Chassen